



VIEWPOINT

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A casino in Wilmington and other locations across the state have limited economic potential.

poker room big enough for 20 tables. The resort, as proposed, would be a first class gambling establishment. Lakes Entertainment, the company developing the casino, believes the resort will create 5,000 permanent jobs averaging \$34,000 per year.

Despite these rosy numbers, Ohioans should recognize the limited economic potential of this project in Wilmington and other locations in the state. While the scale is large, the Wilmington casino's impact outside Clinton County is likely to be much more modest, possibly even negative.

The reason is fairly straightforward: Casinos don't produce services and products that people outside Ohio want or will pay to travel to. Ohio isn't Las Vegas, or Atlantic City, where large numbers of adult gambling venues, particularly casinos, have created international entertainment destinations. Lakes Entertainment is proposing one casino resort, strategically located between three of Ohio's largest urban areas: Cincinnati, Columbus, and Dayton. As an entertainment business, it will draw local customers and the potential for drawing interstate patrons is limited at best.

Not surprisingly, the research on the economic impact of casinos is underwhelming. University

Casinos no panacea for Ohio's economic malaise

By Samuel R. Staley, Ph.D.

They say desperate times call for desperate measures, and economic times seem truly bleak in Wilmington, Ohio. More than 7,000 jobs may soon disappear as the global freight giant DHL shifts its air cargo contract from ABX to UPS in Louisville.

The surprise announcement, understandably, sent the community reeling. Given the quick phase down (operations will likely cease by 2010) and the scale of the lost contract, many are searching a quick fix. A \$600 million resort and casino complex certainly seems enticing. But is it?

The proposal is big. The project would involve a 1,500 room hotel, a first class golf course, 5,000 slot machines, 150 gaming tables, and a

of Maryland economist Melissa Kearney, for example, found very little evidence that commercial casinos generated much economic development. Most visitors were "day trippers" that didn't patronize local shops or businesses.

Of course, this makes sense. The Wilmington Casino proposal, like its counterparts in the Midwest and gambling meccas like Las Vegas and Atlantic City, are intended to be self-contained. The point is to attract patrons into their doors, and keep them until they are ready to leave.

Moreover, despite the scale of the proposed casino, most of the patrons are likely to be local. A survey of research by the Boston Federal Reserve Bank observed that "casinos that cater to local market generally do not bring outside money into the economy through the spending of their patrons." Indeed, the effects may be negative on local businesses, as locals decide to spend more in casinos than in local restaurants and movie theaters.

Notably, the number of taverns and restaurants in Atlantic City fell from 311 when the casinos opened in 1978 to just 66 nineteen years later.

Of course, Clinton County will experience some economic benefits. Some of the people working at the casino will be former ABX employees, and the jobs will be a welcome alternative to unemployment.

These local benefits, however, should not be confused with the broad-based economic development Ohio sorely needs. In the end, the effect of the casino is most likely to redistribute entertainment dollars within the Ohio economy than generate a sustainable base of new jobs.

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